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C O N F I D E N T I A L SECTION 01 OF 06 COLOMBO 001456

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ISLAMABAD - PLEASE PASS TO AMB. BLACK
FOR AMB. BLACK FROM CDA ENTWISTLE

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TAGS: [PREL](#) [PGOV](#) [PTER](#) [ASEC](#) [CE](#) [MV](#) [ECONOMICS](#) [LTTE](#)

SUBJECT: SRI LANKA: SCENESETTER FOR VISIT OF AMB. COFER
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Classified By: CDA JAMES F. ENTWISTLE. REASON: 1.4 (B,D).

SUMMARY

1. (C) Your visit comes at an important juncture in the 30-month-old ceasefire between the Government of Sri Lanka (GSL) and the Liberation Tigers of Tamil Eelam (LTTE). A recent surge in assassinations by the LTTE, coupled with the lack of progress toward resumed negotiations, have raised concerns that the ceasefire may be unraveling. While the LTTE is clearly to blame for most of the increased violence, President Kumaratunga's dependence on a contentious and precarious coalition has distracted the GSL's focus and undermined its ability to develop a unified policy on recommencing talks with the Tigers. Recent ill-advised and widely publicized threats of a military response to LTTE violations issued by key GSL ministers have done little to defuse the situation. Your visit will be interpreted locally as a strong vote of confidence for the GSL and a reaffirmation of our policy to retain the Tigers on the Foreign Terrorist Organizations list until they renounce violence both in words and actions. At the same time, you should impress upon GSL interlocutors the need to move quickly and cohesively to resume negotiations. In the Republic of Maldives, the Government has justified the swift suppression of pro-reform demonstrations on August 12-13 by attempting to paint them as inspired by anti-American "extremists" and "fundamentalists." Although we do not know the affiliations of all 180 individuals detained in connection with the demonstrations--and although one Maldivian citizen is being held in Guantanamo for suspected al-Qaeda activities--we remain generally skeptical of the Government's attempts to link well-known pro-reform activists to shadowy "extremist" elements. End summary.

CEASEFIRE HOLDING,
BUT FRAYING AROUND THE EDGES

2. (C) The Government of Sri Lanka (GSL) has been broadly supportive of U.S. efforts on the Global War on Terror. In late 2002, for example, the GSL granted the U.S. blanket overflight clearance for military aircraft. For most Sri Lankans, however, "terror" generally means domestic terror, as perpetrated by the Liberation Tigers of Tamil Eelam (LTTE), who since 1983 have waged a violent ethnic insurgency aimed at creating a separate state for ethnic Tamils in the north and east of the island. Some Sri Lankan observers credit the USG's Global War on Terror with pressuring the LTTE to sign a Ceasefire Agreement with the GSL in February 2002. The 30-month-old ceasefire has shown some alarming signs recently of coming apart at the seams, however. The split with Karuna, the LTTE's Eastern Military Commander, in March sparked a renewed wave of violence, as LTTE "headquarters" targeted and killed his supporters in the east in a brutal bid to reassert authority and intimidate the population in the region. Moreover, the LTTE's (likely well-founded) suspicion that the GSL aided and abetted Karuna's defection has increased the Tigers' mistrust of the GSL and upped the stridency of their anti-government rhetoric in subsequent months.

3. (SBU) Since the beginning of July, suspected LTTE militants have assassinated 32 political opponents, Karuna supporters and Sri Lanka Army (SLA) informants, rivaling in a mere seven weeks the Tigers' twelve-month total of 36 civilians slain in 2003. The Tigers characteristically refuse to claim responsibility for the assassinations, blaming those occurring in LTTE-controlled territory on "rival factions," while faulting the GSL for failing to prevent those occurring in government-controlled territory. (Note: About one-third of the recent killings have taken place in Colombo or its suburbs. End note.) Nor has the violence been entirely one-sided. Eight LTTE cadres, including two relatively senior members, have been killed (most likely by Karuna supporters) over the same period.

4. (SBU) The successful targeting of purported SLA

informants in Colombo and its suburbs has raised GSL fears that the Tigers have exploited the freedom of movement afforded by the ceasefire to improve their intelligence and to infiltrate the capital. Perhaps the most disturbing development was the July 7 suicide bombing at a Colombo police station (located diagonally across the street from the U.S. Embassy), which killed four policemen. The bomber detonated explosives attached to her body after suspicious police escorted her from the office of her likely intended target, an anti-LTTE politician who is a minister in President Kumaratunga's Cabinet, to the station for questioning. The abortive assassination attempt marked the first time that the Tigers have reverted to their time-tested tactic of suicide bombing since signing the Ceasefire Agreement in early 2002. The LTTE's disavowal of involvement in the incident has only confirmed suspicions, both within the GSL and throughout the international community, that the LTTE will continue to use terror and violence, despite the ceasefire, to intimidate its opponents and put pressure on the government.

FRAGILE COALITION MEANS INCONSISTENCY,
INATTENTION ON GSL SIDE

15. (C) While the Tigers' sporadic violence is a depressing trend, the response thus far from President Kumaratunga's four-month-old government offers little reassurance that it is formulating a cohesive, well-coordinated policy to bring the LTTE back to the negotiating table. The President's dependence on a fractious, precarious coalition to retain her office has complicated efforts to resume negotiations with the Tigers, who walked out of talks with the previous government in April 2003. In particular, the pro-nationalist Jathika Vimukti Peramuna (People's Liberation Front or JVP), former Marxist revolutionaries turned Parliamentarians who control nearly one-third of the seats in her coalition, vehemently oppose discussion of the Interim Self-Governing Authority (ISGA) proposed by the LTTE as the first agenda item for resumed negotiations. Unable to count on support from her own government--let alone an entrenched Opposition only too eager to see her fail--the President has shied away from tackling controversial subjects like Tamil autonomy and the ISGA, focusing instead on preserving her fragile coalition and her endangered political career. The disparate and competing viewpoints within the GSL, as well as the President's own disinclination to share information and delegate authority, have contributed to a lack of consistency in GSL statements on possible negotiations. The dissonance has grown most acute over the past few weeks, when the President's absence from the country (she is in the UK on a personal holiday) has coincided with the spike in LTTE violence. The Army Chief, the Government spokesman and the Acting Defense Minister have all been widely quoted in the press recently, spouting thinly-veiled ultimatums to the LTTE, with the Acting Defense Minister lacing his comments with accusations that the Scandinavian-sponsored Sri Lanka Monitoring Mission, which documents reported ceasefire violations, is "one-sided." (Note: When President Kumaratunga's party was in the Opposition, its members frequently lambasted the Norwegian facilitators as pro-LTTE. End note.) While such saber-rattling may play well before the Sinhalese majority in the south of the country, the GSL cannot afford either the political or financial costs of a return to hostilities. These statements have increased tensions on both sides and prompted popular speculation of an imminent break in the ceasefire.

16. (C) Behind the scenes, knowledgeable GSL officials describe the latest noises as largely a media frenzy, with politicians using the media to sound tough. The same officials tell us that, objectively, the chances of a return to fighting are no higher now than a few months ago. In a welcome development, the Army and the LTTE have agreed to hold talks in the precarious East at the end of the week, an event orchestrated by the indefatigable Scandinavian ceasefire monitors.

17. (C) In view of the on again/off again nature of the peace process, the LTTE's intentions remain unclear. Many of our interlocutors believe that the status quo--a protracted ceasefire with no imminent return to talks--favors the LTTE, affording them freedom of movement to redistribute their cadres, including in Colombo, improve their intelligence-gathering capabilities, increase their recruitment (including of children) and re-pad their finances. Clearly, the President's precarious political position benefits the Tigers, allowing them to criticize her for "stalling" and to question her sincerity in pursuing talks. Meanwhile, besides demonstrating they retain the ability to carry out the political assassinations noted above, the LTTE continues to maintain its terrorist capacity, including the most sophisticated suicide technology in the world, and may be expanding its links to other groups regionally and internationally. The LTTE receives

significant amounts of military supplies by sea; indeed its own merchant fleet provides weapons and munitions directly to its cadres and traffics throughout South and Southeast Asia weaponry procured through its global network. Human and narcotics smuggling, black-market sales of gemstones and other high-value items, possibly including terror weapons, help fund the LTTE.

ECONOMIC FRONT

18. (SBU) The Sri Lankan economy has been on an upward trend the past three years, though the recent change in Government has left investors and local business representatives uncertain about the direction it is headed in the future. While the immediate past-Government was pro-reform and moving forward with a fairly aggressive liberalization program, the current government has taken a more "go slow" approach. The current Government's political make-up (particularly the inclusion of the Marxist JVP) has made coming to an economic consensus on important issues difficult.

19. (C) On the counterterrorism front, Sri Lanka is engaged in two port-related initiatives of particular value - CSI and Megaports. Sri Lanka and US Customs entered into an agreement to establish Colombo as a CSI Port last year, but the implementation process was interrupted by this year's political upheaval. The current Government has decided to move forward, however, and should be purchasing the necessary scanning equipment and building needed infrastructure over the next three months. Once established, US Customs will set up a permanent presence in Colombo, and container traffic to the US from this major transshipment point will be far more secure. Megaports is a relatively recent phenomenon. The MOU was signed by the Minister of Ports and Aviation during a visit to Washington in June. The technical survey team has just completed its work. The current plan is to have Megaports equipment up and running at the port by March 2005.

110. (C) On the terrorist financing front, neither Sri Lanka nor Maldives is an important regional financial center. The LTTE, however, runs a sophisticated terrorist financing network, including NGO fronts and well-heeled members of the Tamil diaspora. Sri Lanka's Central Bank has circulated the list of individuals and entities included on the UN 1267 Sanctions Committee's consolidated list, but to date no assets have been identified. Sri Lanka is party to the UN International Convention for the Suppression of the Financing of Terrorism and to the 1988 Drug Convention. The GSL is currently drafting legislation to enhance its ability to combat money laundering and set up a financial intelligence unit. Maldives is also interested in pursuing anti-money laundering legislation, but is presently focused on internal political problems. US Treasury is providing technical assistance to both nations on anti-money laundering efforts.

THREAT LEVEL

111. (C) Colombo is rated HIGH on the SETL for Crime, Indigenous Terrorism, Transnational Terrorism, and Political Violence. Americans are rarely targeted for violent crime, and there is no recent history of Americans being specifically targeted for terrorism in Sri Lanka. During the past year the Ambassador received a death threat via email, and a USAID contractor received a written death threat, neither of which were believed to be credible. In August the Embassy closed for three days due to an anthrax hoax that included a letter, written by a person claiming membership in the "Sri Lanka al-Qaeda," threatening President Bush and the White House. Even though it has not targeted American interests, the LTTE remains a deadly terrorist organization. We monitor the growing frustration expressed by the Muslim community at the LTTE attacks directed against them. In general, however, the Muslim community in Sri Lanka is comparatively moderate. Politically, the Muslim community suffers from the same divisiveness and factionalism that bedevil the Tamil and Sinhalese communities. Threat information will best be addressed during your meeting with Keerthi Gajanayake, Director General of the Directorate of Internal Intelligence (DII).

SECURITY FORCES' CAPABILITIES

112. (C) The ability of the police to respond effectively to the criminal and terrorist threat is severely limited. Local police have proven themselves effective in containing political disturbances and demonstrations. A strong relationship with senior police, due in part to ATA training opportunities, enables the Embassy to receive excellent VIP

protection, perimeter protection and bomb disposal services upon request. The average officer on the street, however, is poorly trained, underpaid, and under-motivated to perform routine law enforcement duties. During the past twenty years of civil war, the police were used primarily for counter-insurgency and thus many never developed basic police skills in crime investigation, community policing, or traffic enforcement. Police are in desperate need of training in these areas. At the most senior level, police are significantly hampered by a culture of patronage that discourages professionalism and encourages political favoritism. In the past year the President has replaced the Minister of Interior, the Secretary of Interior, the Inspector General of Police and the Director of Internal Intelligence. The President recently "restructured" the Ministry of Interior into the Ministry of Public Security, Law and Order. In a recent conversation, Inspector General of Police Indra De Silva indicated that he may step down in the near future. The Special Task Force (STF), a highly trained elite police unit tasked with providing security in the Eastern Province, has effectively integrated ATA training into their operations.

13. (C) Sri Lanka's roughly 150,000-man military is attempting to develop enough combat power to defeat the LTTE if the ceasefire fails--a capability the military now lacks. In March 2002 all three services of the Sri Lankan military approached the Embassy with significant requests for military sales. In September and October of 2002, three U.S. Department of Defense Assessment teams evaluated the Sri Lankan military's capabilities and needs. Their findings point to systemic and operational weaknesses, especially shortcomings in doctrine, mid-level leadership and training. In addition, severe equipment shortfalls were highlighted in four areas: maritime surveillance and interdiction, battlefield intelligence and surveillance, military communications and mobility and basic soldier items were deemed most critical to the future success of the Sri Lankan military. In spite of these problems, the Sri Lankan military remains a worthy engagement partner and has offered unlimited access to the experiences (both positive and negative) and lessons learned by all three services during nearly twenty years of fighting the world's most prolific users of suicide technology and IEDs. Recent exchanges and exercises held in Sri Lanka have resulted in information that will directly improve the survivability of U.S. forces serving in harm's way.

USG ASSISTANCE

14. (C) ATA has a successful history of training in Sri Lanka, investing approximately \$1 million to train an estimated 138 police since 1999. Past ATA courses include Post-Blast Investigation, VIP Protection, Countersurveillance, and Hostage Negotiation. Practically all senior police officials to be encountered during your visit have attended at least one ATA course, a fact that offers substantial returns to the USG in the form of police support. Regrettably, all ATA training for 2004 was cancelled due to other priorities in the region, and no training is anticipated for 2005. On the positive side, INL funds totaling approximately \$500,000 have been identified this year to establish an International Criminal Investigative Training Assistance Program (ICITAP) contractor position in Sri Lanka and to coordinate projects with the police in narcotics interdiction and community policing. We believe development of community policing initiatives in Sri Lanka is essential to a successful peace process, and therefore advocate training in that area. In March the TIP/PISCES program was introduced to Sri Lankan authorities. However, due in large part to the massive shift of law enforcement personnel previously mentioned, the proposal lost momentum, and a MOI has yet to be signed. We have recently heard, however, that the proposal will be accepted, pending approval by the Cabinet. TIP/PISCES will be an important topic for discussion Tilak Ranaviraja, the Secretary of Public Security. We may sign an agreement during your visit. Extraditions are another possible topic. By the time of your arrival, the successful extradition from the U.S. of a Sri Lankan citizen wanted here on child molestation charges should have taken place. We may also have learned if the Sri Lankan Magistrate decides to extradite a Catholic priest to California to face child molestation charges. If successful, this will be the first test of the extradition treaty, ratified in April 2001, between our countries.

15. (C) The 2002 Department of Defense teams' recommendations have helped focus our military engagement and assistance, and continue to serve as guideposts for engagement despite the additional burdens faced by the military, poor recruitment and retention, lack of training and operational resources and a continuously decreasing budget. Sri Lanka began receiving FMF in FY 2004 and receives, in an expanding program, funding for International Military Education and Training (IMET). Sri Lanka is eligible to receive Excess Defense Articles (EDA) under

Section 516 of the Foreign Assistance Act and recently took ownership of the ex-US Coast Guard Cutter "Courageous," scheduled to arrive in Sri Lanka in December of 2004.

POINTS TO MAKE

16. (C) Your visit follows closely upon the August 19 statement issued by the Department condemning the recent violence and urging both parties to return to the table, as well as an August 16 press statement from the EU sounding the same themes. As noted above, many Sri Lankans, including those with links to the Tigers, credit the USG's strong anti-terror posture with providing the pressure needed to prompt the LTTE to agree to a ceasefire. Your visit will be interpreted--correctly--as a show of support for the GSL and an unambiguous reminder to the LTTE that it will remain listed as a Foreign Terrorist Organization until it renounces violence in word and deed. It is thus important that you underscore to GSL and other interlocutors the need to refocus their divided attention upon the peace process and work together toward resuming negotiations. Points you may wish to emphasize follow below:

--Convey thanks for GSL support on Global War on Terror;

--Express strong support for the peace process and underscore need for restraint in public statements;

--Stress the need for progress toward resuming talks;

--Reiterate our support for the Norwegian facilitating role;
--Encourage continued movement on new anti-money laundering legislation;

--Press for continued progress toward CSI implementation at Port (particularly new building and equipment procurement).

OVERVIEW OF MALDIVES

17. (C) Although you will not have the opportunity to travel to Maldives during this visit, we include the following background information in the event that the topic arises during your discussions in Colombo:

--One Maldivian citizen is being held on suspicion of links to al-Qaeda at Guantanamo Bay. The GORM has asked for his release.

--Following demonstrations on August 12-13, the Government of the Republic of Maldives (GORM) detained 180 people and declared a State of Emergency, which allows the detainees to be held for extended periods without charge and without access to legal counsel. Included among the detainees are a number of prominent pro-reform activists, including about 10 MPs, a former Attorney General, a member of the National Human Rights Commission, and a former SAARC Secretary General. Although a number were subsequently released, none of the remaining 76 detainees has been charged thus far.

--The GORM has justified the declaration of the State of Emergency (and hence their prolonged detention) by attempting to link the pro-democracy leaders with Muslim "extremists" who may also have participated in (and perhaps even precipitated) the demonstrations for different reasons. So far, however, the GORM has offered no firm evidence of a connection between the pro-reform activists and the "extremists," or between the "extremists" and any terrorist organization.

--An EU delegation to the Maldivian capital met some of the detainees on August 23-24, while our DATT met another group of detainees in a separate prison on August 30. The DATT reported no visible signs of torture or maltreatment on the prisoners he interviewed. One of the detainees interviewed by the EU delegation alleged maltreatment, and another showed distinct signs of psychological trauma. In an August 16 public statement, the Department has urged the GORM to continue the process of political and constitutional reform begun a year ago and to respect the human rights of detainees. Separately, we have pressed the GORM to sign a formal agreement with the ICRC allowing it access to all detainees.

--The Maldivian UN PermRep will meet with the Deputy Secretary in Washington on September 1.

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